



# Multi-family Development

City Council Work Session

October 15, 2020 | Council Chambers

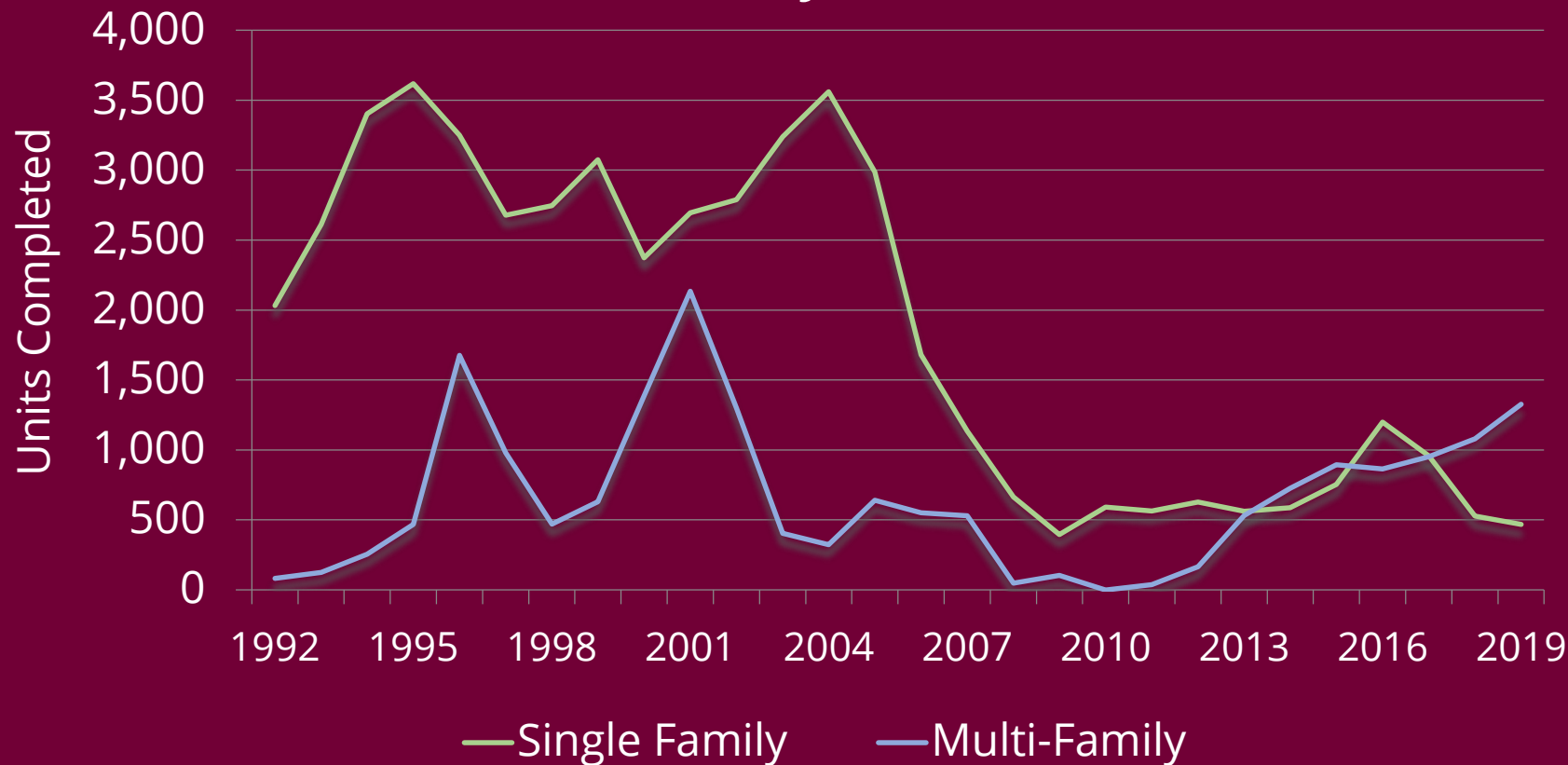
# Overview

- Multi-family development activity
- Why is Multi-family so hot?
- How does Staff review proposals?
- Multi-family development recommendations



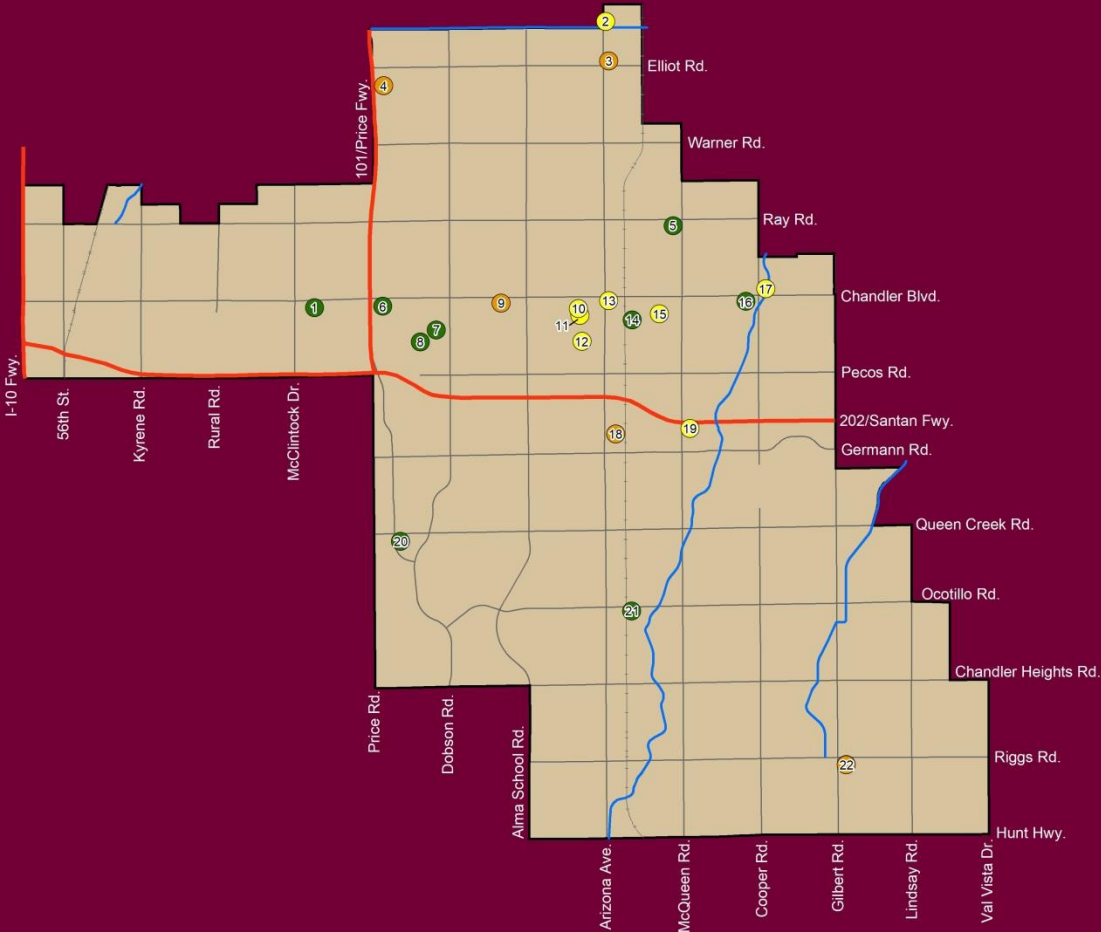
# Residential Units Completed

## Annually 1992 - 2019





# Multi-family Development Activity



MAP ID	ZONING CASE	# OF UNITS
1	DVR17-0005 Riata	300
2	PLH20-0044 Tremaine Park Townhouses	76
3	PLH20-0029 Uptown Commons	252
4	PLH20-0032 Village at College Park	40
5	DVR17-0026 Brighton Place	53
6	DVR18-0025 Chandler 101	200
7	DVR17-0025 District at Chandler	340
8	PLH20-0020 Town Frye	420
9	PLH20-0013 Alta Parklane	291
10	DVR18-0012 San Marcos Living	262
11	PLH19-0002 Chandler Residential	200
12	PLH19-0059 Nebraska Homes	16
13	DVR15-0019 COR Chandler	291
14	PLH19-0040 Nevada St. & Commonwealth Ave.	212
15	PLH20-0008 Commonwealth Lofts	42
16	DVR17-0027 Waterfall	106
17	PLH20-0037 Cabana on Chandler	158
18	PLH20-0006 Evergreen Chandler	396
19	PLH19-0063 McQueen and Loop 202	156
20	DVR18-0022 Ocotillo Patio Villas	32
21	DVR17-0019 Pinelake Condominiums	93
22	PLH20-0012 Village at Chandler	108

Multi-Family	
<span style="color: green;">●</span>	CITY COUNCIL APPROVED
<span style="color: yellow;">●</span>	PROPOSED (APPLICATION FILED)
<span style="color: orange;">●</span>	PROPOSED PENDING
(10/20 P&Z AND 11/20 CITY COUNCIL AGENDAS)	



# What's driving demand?





# Economic Vitality

**How 17,000 jobs and 4 million square feet drove a Class A real estate deal**

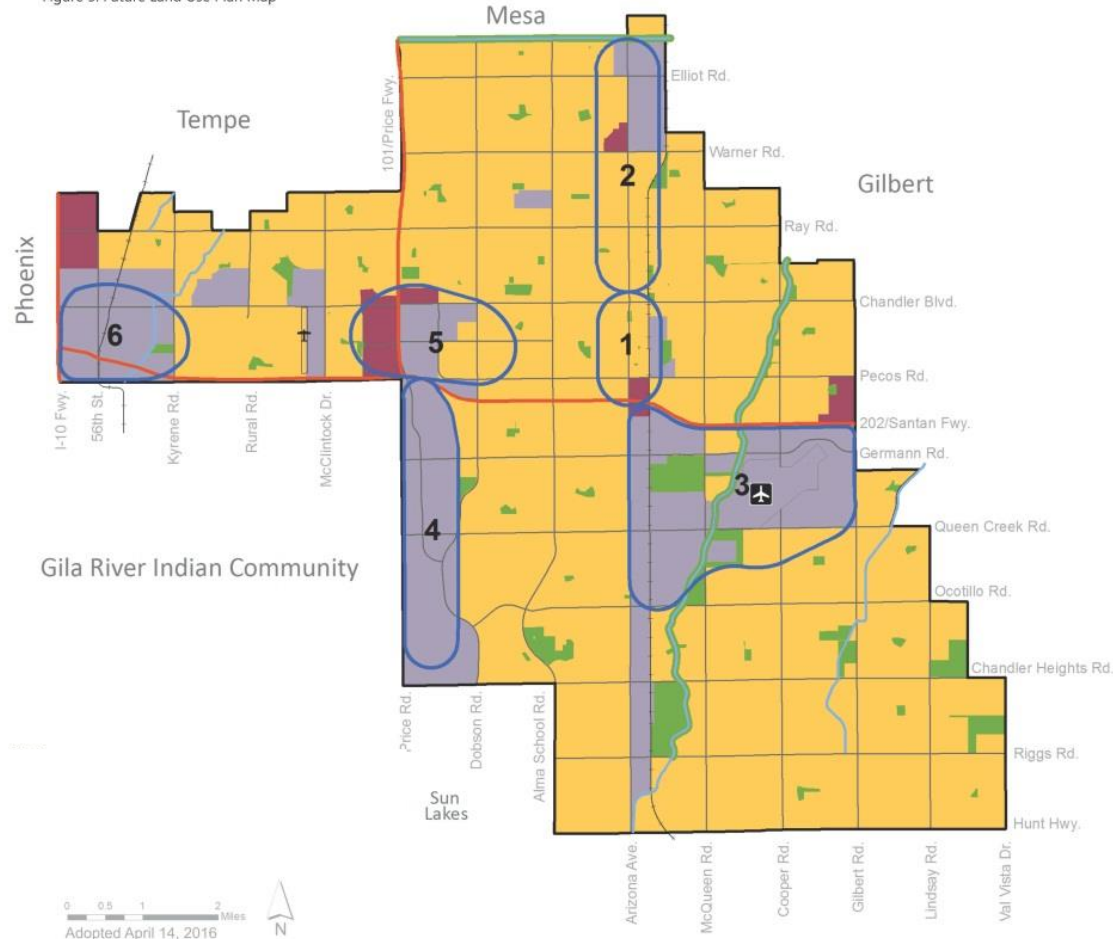
“Chandler is one of the most desirable submarkets in the Phoenix metro... The greater Chandler area is home to the largest concentration of tech jobs in all of Arizona and is positioned to perform extremely well over the next several years.”

“This influx in office development, coupled with the unprecedented job growth throughout the region will continue to drive renter demand for the asset.”



# Guiding Development

Figure 5: Future Land Use Plan Map



# Document Hierarchy

- General Plan
- Sub-Area Plans
- Zoning/Zoning Code
- Design Guidelines



Figure 5: Future Land Use Plan Map



# Urban Density & Mixed Use (exceeding 18 du/ac)

1. Downtown
2. High Capacity Transit Corridors
3. Regional Commercial
4. Infill District

Figure 5: Future Land Use Plan Map



# Suburban Density

(12 - 18 du/ac)

- Along Arterial Roads and freeways
- Adjacent to employment
- As well as areas where Urban Density is allowed



# Medium Density

(3.5 -12 du/ac)

- Along arterial roads
- As a buffer between low-density and commercial
- Remnant infill parcels





# Condominiums

- Multi-family includes individually owned units
- Ownership can be accommodated in all density ranges



# Economic Analysis



# Strategic Development

Multi-family can serve as a strategic tool for:

- Revitalization
- Retail Stabilization
- Business/Talent Attraction



# Sample Strategic Development: Alma School & Warner roads



Distance	Retail Gap	Leakage/Surplus Factor
.5 Mile	-\$63.4M	-35.7
1 Mile	-\$19.8M	-3.8
2 Mile	\$28.9	1.7



# Sample Non-Strategic Development: Ocotillo Road and Pinelake Way

- General Plan non-conformance
- Area Plan non-conformance
- Employment Corridor non-conformance
- Surrounding land use compatibility

# Land Use Impacts: 10 Acres



Land Use Type	Project Developed	Construction Cost	End User
Office	200,000 SF building	\$33.6M	Leased to financial services business
Industrial	150,000 SF building	\$15.6M	Leased to manufacturer
Multifamily	180 apartment units	\$21.6M	Units leased to residents
Single-Family	40 homes	\$12.0M	Homes sold to residents

Note: Economic and fiscal impacts were estimated using a Community Project Assessment System model developed specifically for the City. A number of assumptions were made, including project sizes, construction costs, business capital investment, average wages, and lease rates.



# Net Impacts: Sample 10 acre, 180 unit multi-family development

## Revenues

	2019	2020	2021	2022	2023
<b>REVENUES</b>	<b>\$620,210</b>	<b>\$220,075</b>	<b>\$215,116</b>	<b>\$215,017</b>	<b>\$215,015</b>
<b>Local Taxes</b>					
Property Tax	\$4,151	\$4,151	\$4,151	\$4,151	\$4,151
City Sales Tax	\$261,797	\$51,197	\$51,197	\$51,197	\$51,197
Utility Franchise Tax	\$5,995	\$4,243	\$4,243	\$4,243	\$4,243
<b>Intergovernmental</b>					
State Income Tax	\$56,576	\$56,576	\$56,576	\$56,576	\$56,576
State Sales Tax	\$45,319	\$45,319	\$45,319	\$45,319	\$45,319
Auto Lieu Tax	\$19,715	\$19,715	\$19,715	\$19,715	\$19,715
HURF	\$24,426	\$24,426	\$24,426	\$24,426	\$24,426
LTAf	\$1,280	\$1,280	\$1,280	\$1,280	\$1,280
<b>Licenses and Permits</b>					
Other Licenses	\$45	\$45	\$45	\$45	\$45
Building Division Permits	\$146,340	\$0	\$0	\$0	\$0
<b>Charges for Services</b>					
Planning Fees	\$8,062	\$0	\$0	\$0	\$0
Engineering Fees	\$38,865	\$0	\$0	\$0	\$0
Park & Recreation Fees	\$6,394	\$6,394	\$6,394	\$6,394	\$6,394
Public Safety Fees	\$0	\$0	\$0	\$0	\$0
<b>Fines and Forfeits</b>					
Court Revenues	\$509	\$509	\$509	\$509	\$509
Library Fines	\$735	\$735	\$735	\$735	\$735
<b>Miscellaneous</b>					
Fixed Leases	\$0	\$0	\$0	\$0	\$0
Interest Income	\$0	\$5,484	\$525	\$426	\$424
Other Revenues	\$0	\$0	\$0	\$0	\$0

## Expenditures

EXPENDITURES	\$346,027	\$193,832	\$193,832	\$193,832	\$193,832
<b>General Government</b>					
Mayor & Council	\$0	\$0	\$0	\$0	\$0
City Clerk	\$116	\$116	\$116	\$116	\$116
Communications and Public Affairs	\$470	\$470	\$470	\$470	\$470
City Magistrate	\$658	\$658	\$658	\$658	\$658
Law	\$0	\$0	\$0	\$0	\$0
<b>City Manager</b>					
City Manager	\$1,667	\$1,667	\$1,667	\$1,667	\$1,667
Economic Development	\$0	\$0	\$0	\$0	\$0
Neighborhood Resources	\$3,345	\$3,345	\$3,345	\$3,345	\$3,345
Community Development	\$18,838	\$0	\$0	\$0	\$0
Transportation Policy	\$0	\$0	\$0	\$0	\$0
<b>Administrative Services</b>					
Human Resources	\$756	\$756	\$756	\$756	\$756
Information Technology	\$3,556	\$3,556	\$3,556	\$3,556	\$3,556
Fleet Services	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784
Buildings & Facilities	\$1,086	\$1,086	\$1,086	\$1,086	\$1,086
<b>Community Services</b>					
Community Services Admin	\$0	\$0	\$0	\$0	\$0
Library	\$0	\$0	\$0	\$0	\$0
Center for the Arts	\$0	\$0	\$0	\$0	\$0
Museum	\$0	\$0	\$0	\$0	\$0
Parks & Recreation, Aquatics	\$17,642	\$17,642	\$17,642	\$17,642	\$17,642
Park Development & Operations	\$0	\$0	\$0	\$0	\$0
<b>Development Services</b>					
Development Services Admin	\$0	\$0	\$0	\$0	\$0
Planning	\$40,159	\$0	\$0	\$0	\$0
Building Safety	\$69,946	\$0	\$0	\$0	\$0
Engineering	\$23,252	\$0	\$0	\$0	\$0
<b>Management Services</b>					
Management Services	\$14,791	\$14,791	\$14,791	\$14,791	\$14,791
Non-Departmental	\$59,669	\$59,669	\$59,669	\$59,669	\$59,669
<b>Public Safety</b>					
Police	\$62,707	\$62,707	\$62,707	\$62,707	\$62,707
Fire	\$18,198	\$18,198	\$18,198	\$18,198	\$18,198
<b>Public Works</b>					
Public Works Admin	\$0	\$0	\$0	\$0	\$0
Streets	\$7,386	\$7,386	\$7,386	\$7,386	\$7,386
Traffic Engineering	\$0	\$0	\$0	\$0	\$0
<b>NET IMPACT</b>	<b>\$274,184</b>	<b>\$26,243</b>	<b>\$21,284</b>	<b>\$21,185</b>	<b>\$21,183</b>

Source: City of Chandler Annual Budget; Applied Economics.

# Land Use Impacts: 10 Acres

Net fiscal impact: City revenues less City expenses due to development.



\$1.5M



\$480K



\$470K



\$119K

Note: The City's impact model calculates most expenditure items based on population or service population (population + employment). Police and fire expenditures are based on typical call rates per square foot by land use/industry type and average total cost per call.

# Fiscal Impact by Product Type

Assumed 200 units for each scenario with the product types varying in terms of construction costs, average monthly rent, and resident income

Product Type	Jobs Supported	City Revenues	City Expenses	Net Revenues
Luxury - \$1,600 +	53	\$3,076,959	\$2,278,093	\$798,866
Average - \$1,200	39	\$2,706,421	\$2,188,455	\$517,966
*Affordable - \$900	30	\$2,437,737	\$2,125,187	\$312,550

\* A definition of “affordable housing” specific to Chandler is yet to be developed.

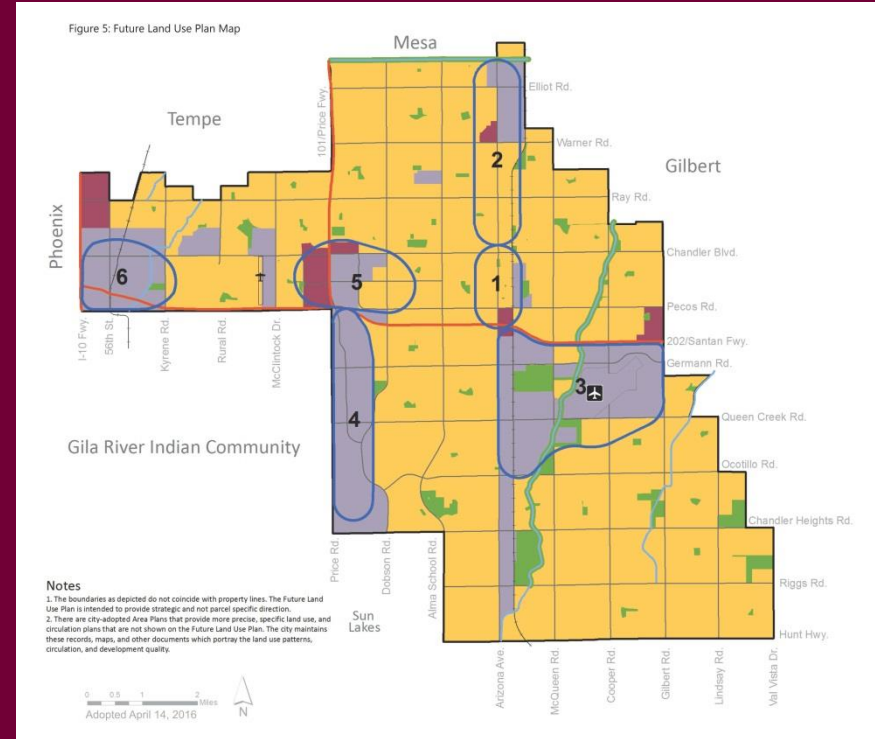




# Takeaways

# Take Aways

- Continue to follow the General Plan:
- Continue to recommend densities in appropriate locations
  - Density can be a factor in affordability
- Preserve employment areas (multi-family is complementary to employment, not a replacement for it)



# Take Aways

- In strategic locations, multi-family is a viable land-use solution
- Multi-family is not generalized; it comes in many different forms
- Evaluation of location appropriateness is based on approved land use plans and economic analysis







# Staff Recommendations

# Recommendations

- Guide Developers to Pre-Tech as first step
- Generate initial proposal analysis summarizing Economic Development, Planning and Traffic Engineering review comments/findings; provide copy to City Manager and City Council Members
- Provide final proposal analysis as attachment to Planning and Zoning Commission & City Council packets
- Study strategies to provide housing options for residents' diverse needs, consistent with City Council Strategic Framework



# Questions?